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ABSTRACT

This document includes a report on the 1989 Amendments to the Veterans Health Professionals Educational Assistance Program and the text of the proposed bill as amended. The report discusses the stipend program for members of the selected reserve, the major provisions of the bill as amended, the background to the bill, authority for the program, eligibility, amount of assistance, obligated service, and breach of agreement. A section-by-section analysis of the bill follows, as does a cost estimate and impact statement. The test of the legislation completes the document. (KC)

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101ST CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
101-312

VETERANS HEALTH PROFESSIONALS EDUCATIONAL AMENDMENTS OF 1989

OCTOBER 26.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. MONTGOMERY, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 3199]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 3199) to amend title 38, United States Code, to establish a program to provide post-secondary educational assistance to students in health professions who are eligible for educational assistance under the Reserve GI Bill program in return for agreement for subsequent service with the Department of Veterans Affairs, having considered the same, reports favorably thereon with amendments, by unanimous voice vote, and recommends that the bill as amended do pass.

The amendments are as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veterans Health Professionals Educational Amendments of 1989".

SEC. 2. HEALTH PROFESSIONALS EDUCATIONAL ASSISTANCE PROGRAMS.

(a) COORDINATION WITH DEPARTMENT OF DEFENSE PROGRAMS.—(1) Chapter 76 of title 38, United States Code, is amended by adding at the end the following new subchapter:

CE053721

22-809

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"SUBCHAPTER V—STIPEND PROGRAM FOR MEMBERS OF THE SELECTED RESERVE

"§ 4351. Authority for program

"(a) As part of the Educational Assistance Program, the Secretary of Veterans Affairs may select qualified individuals to receive assistance under this subchapter.

"(b) To be eligible to receive assistance under this subchapter, an individual must be accepted for enrollment or be enrolled as a full-time student at a qualifying educational institution in a course of education or training that is approved by the Secretary and that leads toward completion of a degree in a health profession involving direct patient care or care incident to direct patient care.

"§ 4352. Eligibility: individuals entitled to benefits under the GI Bill program for members of the Selected Reserve

"The Secretary of Veterans Affairs may not approve an application under section 4303 of this title of an individual applying to receive assistance under this subchapter unless—

"(1) the individual is entitled to benefits under chapter 106 of title 10; and

"(2) the score of the individual on the Armed Forces Qualification Test was above the 50th percentile.

"§ 4353. Amount of assistance

"The Secretary may pay to a person selected to receive assistance under this subchapter the amount of $400 (adjusted in accordance with section 4331 of this title) for each month of the person's enrollment in a program of education or training covered by the agreement of the person entered into under section 4303 of this title. Payment of such benefits for any period shall be coordinated with any payment of benefits for the same period under chapter 106 of title 10.

"§ 4354. Obligated service

"A person receiving assistance under this subchapter shall provide service in the full-time clinical practice of the person's profession as a full-time employee of the Department for the period of obligated service provided in the agreement of such person entered into under section 4303 of this title.

"§ 4355. Breach of agreement; liability

"(a) A person receiving assistance under this subchapter who fails to maintain employment as an employee of the Department permanently assigned to a health-care facility shall be liable to the United States in an amount determined in accordance with section 4317 of this title.

"(b) Any amount owed the United States under subsection (a) of this section shall be paid to the United States during the one-year period beginning on the date of the breach of the agreement.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new items:

"SUBCHAPTER V—STIPEND PROGRAM FOR MEMBERS OF THE SELECTED RESERVE

"4351. Authority for program.
"4352. Eligibility: individuals entitled to benefits under the GI Bill program for members of the Selected Reserve.
"4353. Amount of assistance.
"4354. Obligated service.
"4355. Breach of agreement; liability.".

(b) PERIODIC ADJUSTMENTS IN AMOUNT OF ASSISTANCE.—Section 4331 of such title is amended—

(1) in the first sentence of subsection (a)(1)—

(A) by striking out "amount and" and inserting in lieu thereof "amount,"; and

(B) by striking out "amount." and inserting in lieu thereof "amount, and the maximum Selected Reserve member stipend amount.";

(2) in subsection (b)—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following new paragraph (3):

"(3) The term 'maximum Selected Reserve member stipend amount' means the maximum amount of assistance provided to a person receiving assistance under subchapter V of this chapter, as specified in section 4353 of this title and as previously adjusted (if at all) in accordance with this subsection.".

(c) CONFORMING AMENDMENTS.—(1) Section 4301(a) of such title is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding at the end the following:

"(3) the Selected Reserve member stipend program provided for under subchapter V of this chapter.".

(2) Section 4302 of such title is amended by inserting "under subchapter I or II of this chapter" in subsections (a) and (b) after "Educational Assistance Program".

(3) Section 4304 of such title is amended by striking out "subchapter II or III" in paragraphs (1)(A), (2)(D), and (5) and inserting in lieu thereof "subchapters II, III, or V".

Amend the title so as to read: "A bill to amend title 38, United States Code, to establish a program to provide post-secondary educational assistance to students in health professions who are eligible for educational assistance under the GI Bill program for members of the Selected Reserve in return for agreement for subsequent service with the Department of Veterans Affairs.".

INTRODUCTION

On August 4, 1989, the Honorable Christopher Smith introduced H.R. 3199, a bill to provide post-secondary educational assistance to students in health professions who are eligible for benefits under the Montgomery GI Bill-Selected Reserve in return for agreement for subsequent service with the Department of Veterans Affairs (DVA). The bill was cosponsored by the Honorable G. V. (Sonny) Montgomery, the Honorable Bob Stump, and the Honorable Timothy Penny. Other cosponsors include Committee members Don Ed-

wards, Douglas Applegate, Lane Evans, Harley Staggers, J. Roy Rowland, James Florio, Charles Stenholm, Claude Harris, Joseph Kennedy II, Elizabeth Patterson, Jim Jontz, L.F. Payne, Bruce Morrison, George Sangmeister, Mike Parker, Ben Jones, Jill Long, John Paul Hammerschmidt, Chalmers Wylie, Bob McEwen, Dan Burton, Michael Bilirakis, Thomas Ridge, John Rowland, Robert Smith, Craig James, Cliff Stearns, and Bill Paxon. Additional cosponsors include Marvin Leath, W. G. (Bill) Hefner, Ed Jenkins, Bill Richardson, Glen Browder, Daniel K. Akaka, Bill Sarpalius, Jaime Fuster, Buz Lukens, Edolphus Towns, Robert Mrazek, Bernard Dwyer, Robert Dornan, Denny Smith, Vic Fazio, Charles Hatcher, Bill Lowery, Louise Slaughter, Thomas Bliley, James Walsh, Larry Smith, Nick Rahall, Ben Blaz, and William Dannemeyer.

The Subcommittee on Education, Training and Employment held hearings on September 14, 1989, and September 21, 1989, to receive testimony on H.R. 3199. Witnesses at the September 14 hearing included: Mr. Grady Horton, Deputy Chief Benefits Director, Department of Veterans Affairs, accompanied by Dr. Dennis Wyant, Director, Vocational Rehabilitation and Education Service, DVA; the Honorable David Berteau, Deputy Assistant Secretary of Defense for Resource Management and Support (Force Management and Personnel), Department of Defense (DOD); and the Honorable Albert Conte, Deputy Assistant Secretary of Defense for Reserve Affairs, DOD; Major General John Conaway, Vice Chief, National Guard Bureau; Brigadier General Roger Bultman, Deputy Chief, Army Reserve; Rear Admiral J. E. Taylor, Director of Naval Reserve; Major General Roger Scheer, Chief, Air Force Reserve; Major General Edmund P. Looney, Jr., Assistant Deputy Chief of Staff for Manpower and Reserve Affairs, U.S. Marine Corps; and Rear Admiral John Faigle, Chief, Office of Readiness and Reserve, Coast Guard Reserve. Additional witnesses included representatives of the National Guard Association of the U.S., Reserve Officers Association of the U.S., Enlisted Association of the National Guard, Fleet Reserve Association, and the Reserve Forces Policy Board.

Witnesses at the September 21 hearing included: Lieutenant General Allen Ono, Deputy Chief of Staff for Personnel, United States Army; Rear Admiral Francis R. Donovan, Deputy Chief of Naval Personnel, United States Navy; Lieutenant General Thomas J. Hickey, Deputy Chief of Staff for Personnel, United States Air Force; Major General Edmund P. Looney, Jr., Assistant Deputy Chief of Staff for Manpower and Reserve Affairs, United States Marine Corps; and Rear Admiral George D. Passmore, Chief, Office of Personnel and Training, United States Coast Guard. Additional witnesses included representatives of the Association of the U.S. Army, Non-Commissioned Officers Association, Air Force Sergeants Association, Navy League of the United States, Air Force Association, The American Legion, Paralyzed Veterans of America, and Veterans of Foreign Wars.

The Subcommittee met on October 12, 1989, and voted unanimously to recommend H.R. 3199, as amended, to the Full Committee. On October 18, 1989, the Full Committee unanimously ap-

proved H.R. 3199, as amended, and ordered the bill reported to the House.

MAJOR PROVISIONS OF H.R. 3199, AS AMENDED

The reported bill would:

1. Permit the Secretary of Veterans Affairs to identify staffing shortages in health professions within the Department of Veterans Affairs and establish a discretionary assistance program for Montgomery GI Bill-Selected Reserve (Chapter 106, title 10, U.S.C.) participants who major in such health-care professions and agree to work for the DVA for one year for each year of assistance received.

2. Permit benefits to be awarded to individuals pursuing a degree in a health profession involving direct patient care or care incident to direct patient care.

3. Provide that benefits be paid only for the period the student is taking the health-related courses (generally the last 2 years of a 4-year program).

4. Provide, in addition to the amount the Selected Reservist receives from the Montgomery GI Bill for financing undergraduate education, that the DVA may pay $400 per month to the individual pursuing a degree in a health profession.

5. Require, if the individual reneges on the agreement to work for the DVA, that the total benefit amount, plus interest and penalty, must be repaid to the Department.

BACKGROUND

As the nation's largest health-care system, the Department of Veterans Affairs is struggling, along with other health-care providers in the country, to find ways to deliver affordable, quality medical care. According to the "1988 VA Survey of Health Occupational Staff," DVA health-care facilities nationwide are experiencing significant staffing shortages in numerous health-care professions. DVA statistics for 1988 indicate a 25% vacancy rate in physical therapy positions, 20% vacancy rate in occupational therapy positions, an 8% vacancy rate in pharmacy positions, and a 5% vacancy rate in nursing staff. Much of the difficulty in obtaining health-care employees is the result of fewer individuals choosing health-related careers. For example, according to the American Association of Colleges of Nursing, basic baccalaureate degree enrollments in nursing have declined 18% in recent years.

As the number of health-care professionals declines and the cost of delivering care increases, institutions are searching for creative ways to best utilize their resources to maximize health-care delivery. In this respect, the DVA has a unique advantage because of the wide variety of entitlement and benefit programs which it can utilize and build on to strengthen and expand its ability to deliver health care to our nation's veterans.

The DVA currently administers two separate programs which provide educational assistance to certain eligible students. One program, the Health Professional Scholarship Program, was established pursuant to the Veterans' Administration Health-Care Amendments of 1980, Public Law 96-330. This scholarship program provides monthly benefits to students who major in certain health-

related fields. In return, scholarship recipients must agree to work in a DVA health-care facility one year for every year the scholarship is awarded.

The Department of Defense Authorization Act of 1985, Public Law 98–525, established the Montgomery GI Bill-Selected Reserve (Chapter 106, title 10, United States Code), an educational assistance program for members of the Reserves and National Guard. Under this program, which is funded by the Department of Defense and administered by the DVA, certain members of the National Guard and Reserves are entitled to a total of $5,040 to finance undergraduate studies. In order to qualify for the GI Bill benefit, an individual must enlist, reenlist, or extend an enlistment in the Selected Reserve for at least six years. Additionally, an individual must earn a high school diploma or an equivalency certificate before completing initial active duty for training and hold no previous baccalaureate degree. Under this educational assistance program, individuals receive $140 per month for 36 months—no kickers or bonuses are currently offered. According to statistics provided by DVA and DOD, approximately 63,938 Montgomery GI Bill-Selected Reserve participants used the education benefit for full-time study in fiscal year 1988, and approximately 2,900 were pursuing health-related careers during that year.

The representative of the Association of the United States Army stated in testimony before the Subcommittee, "Concerning . . . H.R. 3199 . . . AUSA believes it would provide Reserve Component members with an excellent opportunity to pursue a health-care profession, while at the same time enhancing the military health-care contribution to the nation's defense." The Committee concurs with this assessment and believes a program similar to the Health Professional Scholarship Program targeted to members of the Selected Reserve would be of interest to Guardsmen and Reservists pursuing health careers. An additional DVA benefit of $400 per month, added to the current Chapter 106 education benefit of $5,040, would provide eligible individuals with substantial educational assistance in return for obligated service in a DVA facility. This program would serve the dual purpose of attracting employees to DVA facilities as well as providing the Selected Reserves with an additional recruitment and retention tool, thus strengthening both the DVA and our nation's military.

Discussion of the Bill

Authority for the program

Section 2 of H.R. 3199, as amended, would establish a discretionary assistance program for Montgomery GI Bill-Selected Reserve (Chapter 106) participants who major in a health-care profession identified by the Department of Veterans Affairs and who in turn agree to work for the DVA for a specified time. Although the program would be discretionary, the Committee believes this assistance would be a cost-effective recruitment tool, enhancing the ability of the Department to attract health-care professionals. Accordingly, the Committee expects the Department to make this program a high priority and request adequate funding.

A Guardsman or Reservist enrolled or accepted for enrollment as a full-time student who is eligible for education benefits under Chapter 106 may apply to the DVA to participate in the assistance program. The DVA may award the benefit based on its staffing needs and may target the assistance to those pursuing careers in health-care fields most needed at DVA facilities. Additionally, DVA may change the focus of the assistance in response to changes in staff vacancy rates, thus providing the Department maximum flexibility in meeting its personnel needs.

Statistics provided by the Department of Defense for fiscal year 1988 indicate that approximately 84% of Chapter 106 participants are pursuing degrees on a full-time or three-quarter-time basis. The Committee, therefore, believes that requiring full-time study in order to qualify for participation in the program established under the reported bill would include a sufficient pool of Selected Reservists from which the DVA may recruit while also enabling the Department to utilize these health-care employees within a reasonable, predictable period of time.

In order to qualify for the stipend provided under the Committee bill, an individual must attend a qualifying educational institution that is approved by the Secretary of Veterans Affairs. The Secretary would have the discretion to extend eligibility to students in all academic programs preparing entry-level practitioners in designated health care shortage occupations. This would include those programs in which entry-level qualification would require completion of course work that exceeds the course work required to earn a baccalaureate degree. For example, the current trend in the field of physical therapy is to require a masters degree as a minimum entry level of practice. This provision is not intended to establish a program of assistance for students pursuing specialty masters degrees; rather, the entry level masters degree is authorized with the expectation that it would be rarely used and only in cases when absolutely required.

ELIGIBILITY

The Secretary of Veterans Affairs could award assistance only to those applicants who, at the time of application, are eligible for education benefits under Chapter 106. In order to establish eligibility under the Montgomery GI Bill-Selected Reserve, individuals must first enlist, reenlist, or extend an enlistment in the Selected Reserve for at least six years. Additionally, GI Bill participants must earn a secondary school diploma or equivalency certificate before completing initial active duty for training and hold no previous baccalaureate degree. Only members of the Selected Reserve who score in the 50th percentile or above on the Armed Forces Qualification Test would be permitted to apply for assistance under the program established by H.R. 3199.

Assistance under the stipend program would be in addition to, and coordinated with, payment of educational assistance to Selected Reservists under Chapter 106 of title 10. Eligibility for the program would be contingent upon eligibility for receipt of educational assistance as a member of the Selected Reserve at the time of application. The monthly stipend for Selected Reservists who are full-

time students is currently $140. Under the Committee bill, this benefit would be coordinated with the $400 stipend so that a participant would receive $540 per month from the Department of Veterans Affairs.

Exhaustion of benefits under the Chapter 106 program would not, however, result in cessation of stipend payments if the Selected Reserve service of the individual continued to be satisfactory. Should a stipend recipient fail to participate satisfactorily in required training in the Selected Reserve during the period of obligated service which created the entitlement to educational assistance under Chapter 106, the individual would be liable to the United States for breach of the agreement under Subchapter V of Chapter 76 of title 38, U.S.C. Specifically, it is intended that any person deemed to have failed to participate satisfactorily in the Selected Reserve under section 2135 of title 10 shall be deemed to have breached the agreement entered into under section 4303 of title 38, U.S.C.

AMOUNT OF ASSISTANCE

Under the program established by the Committee bill, the Secretary may award a stipend of $400 per month to an eligible Selected Reservist pursuing a designated health career as a full-time student. Assistance would be provided only when the student is taking health-related courses leading to a degree in direct patient care or care incident to direct patient care.

Statistics show that during fiscal year 1989, the DVA awarded an average of $19,243 per nursing student and $23,454 per physical therapy student under its successful Health Professional Scholarship Program. Forty-nine percent of the total scholarships were for one-year awards, and 51 percent were for two-year awards. Under H.R. 3199, the DVA would award approximately $3,600 for a one-year award and $7,200 for a two-year award. DVA estimates that under its Health Professional Scholarship Program, it costs $23,454 to recruit a physical therapist while under the program established by the reported bill, it would cost the DVA $7,200 to recruit a physical therapist for two years of service. The participant, however, would generally receive a total of $12,240 because individuals eligible to receive the DVA stipend are also eligible to receive $5,040 ($140 per month for 36 months), funded by the Department of Defense, under the Montgomery GI Bill-Selected Reserve. Accordingly, the Committee believes the assistance provided under H.R. 3199, combined with the Chapter 106 benefit, would provide eligible members of the Selected Reserve with a substantial benefit which would also be a cost-effective recruitment tool for the DVA and DOD.

OBLIGATED SERVICE

In order to receive the assistance under H.R. 3199, recipients must serve one year in a DVA health-care facility for every year of assistance received. The Committee believes this requirement would meet the DVA's staffing needs without imposing an overly burdensome obligation on a participant which could actually discourage participation in the program.

Under the Committee bill, a participant would be required to provide clinical service as a full-time employee in a location determined by the Secretary. Under the Health Professional Scholarship Program, DVA attempts to accommodate the participant's needs when determining where the individual will fulfill his or her service obligation and has generally been successful in this effort. Similarly, the Committee expects the DVA would attempt to coordinate location of the service obligation with the participant's outstanding Reserve obligation.

In the event a participant is ordered to active duty in the Armed Forces during a time of war or national emergency, or is ordered to active duty at any time under the provisions of section 673b of title 10, the participant's primary obligation would be to fulfill the individual's military commitment. After fulfillment of his or her active duty responsibility, the participant would then begin or complete the remaining obligation to the DVA.

BREACH OF AGREEMENT—LIABILITY

Under H.R. 3199, a participant in the program who fails to fulfill the service obligation to the DVA would be required to repay the assistance amount, plus interest and penalty, to the Department. The amount to be repaid would be determined by adding the amount of all assistance paid to the participant, or on the participant's behalf, plus interest, multiplied by three, minus months of service obligation satisfied.

This liability agreement is also used in the Health Professional Scholarship Program and has proven to be an effective deterrent against breach of agreement under that program. According to DVA statistics, only 6% of the Scholarship Program participants have failed to fulfill their service obligation since the program was established in 1982.

SECTION-BY-SECTION ANALYSIS OF H.R. 3199

Section 1.—Section 1 of the bill provides that this Act may be cited as the "Veterans Health Professionals Educational Amendments of 1989."

Section 2.—Paragraph (1) of section 2(a) of the bill would amend chapter 76 of title 38, United States Code, by adding a new subchapter V entitled "RESERVE MEMBER STIPEND PROGRAM" consisting of new sections 4351 through 4355.

Proposed section 4351(a) authorizes the Secretary of Veterans Affairs, as part of the Educational Assistance Program, to select qualified individuals to receive assistance under the new subchapter.

Proposed section 4351(b) states conditions of eligibility for individuals—that they be accepted for enrollment, or enrolled full-time as students at a qualifying educational institution in a course of training approved by the Secretary leading to a degree in a health profession involving direct patient care or care incident to direct patient care.

Proposed section 4352 states that the Secretary may not approve an application for participation in the program unless the individual is both entitled to benefits under chapter 106 of title 10, the

Montgomery GI Bill Selected Reserve Program, and has achieved a score above the 50th percentile on the Armed Forces Qualification Test.

Proposed section 4353 states that the Secretary of Veterans Affairs shall pay individuals selected to participate in the program, the amount of $400 per month for each month of enrollment in the program and requires coordination of payments with any payment of benefits under chapter 106 of title 10 during the same period.

Proposed section 4354 requires persons receiving assistance under the program to provide service as full-time employees of the Department of Veterans Affairs in the full-time clinical practice of their profession for the period of obligated service provided in the agreement such persons entered into under section 4303 of title 38.

Proposed section 4355 states that an individual who receives assistance under new subchapter V of chapter 76, but fails to maintain the requisite employment with the Department, shall be liable to the United States in the amount determined under section 4317 of title 38 and requires payment of such amount within one year following the breach of the agreement.

Paragraph (2) of section 2(a) of the bill would amend the table of sections at the beginning of chapter 76 of title 38 to reflect the addition of new subchapter V, with a listing of new sections 4351 through 4355.

Section 2(b) of the bill would amend section 4331 of title 38 to include the maximum reserve member stipend amount among those amounts, including the maximum tuition reimbursement amount and monthly stipend amount, that the Secretary must adjust periodically whenever there is a general Federal pay increase. This subsection would also add a new paragraph (3) to section 4331(b), defining the term "maximum reserve member stipend amount" to mean the maximum amount of assistance provided to a person receiving assistance under subchapter V of this chapter, as specified in section 4353 of this title and as previously adjusted (if at all) in accordance with this subsection.

Section 2(c) of the bill would make conforming amendments to sections 4301(a), 4302, and 4304 of title 38.

Oversight Findings

No oversight findings have been submitted to the Committee by the Committee on Government Operations.

Budget Statement

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill.

U.S. Congress,
Congressional Budget Office,
Washington, D.C., Oct. 20, 1989.

Hon. G. V. Montgomery, *Chairman,*
House Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 3199, the Veterans Health Professionals Educational Amendments of 1989, as ordered reported by the House Committee on Veterans' Affairs, October 18, 1989.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Richard Curley, 226-2820.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3199.
2. Bill title: Veterans Health Professionals Educational Amendments of 1989.
3. Bill status: As ordered reported by the House Committee on Veterans' Affairs, October 18, 1989.
4. Bill purpose: To provide additional educational assistance for health profession students under the Reserve GI Bill program in return for subsequent service for the Department of Veterans Affairs.
5. Estimated cost to the Federal Government:

(By fiscal years, in millions of dollars)

	1990	1991	1992	1993	1994
Budget Authorization Level	0	8	8	8	9
Estimated Outlays	0	6	8	8	9

The costs of this bill would fall within budget function 700.

Basis of Estimate

This bill would allow reservists using education benefits under Chapter 106 of title 10 U.S.C. (the Reserve GI Bill) to apply for additional educational assistance if they are full-time students in a health-care profession degree program. In addition to the $140 a month they would receive under the Reserve GI Bill, participants would receive $400 a month in additional education assistance. In return for this extra assistance they would be required to enter into an agreement with the Secretary of Veterans Affairs to work for a period of time as a full-time employee of the Department of Veterans Affairs (VA).

The bill provides no guidance on the intended size of this program. CBO estimated the size of the program based on the number of reservists who would be likely to use GI Bill benefits for a degree in certain health-care fields. An estimated 1,700 reservists would start to join this program each year starting in 1991. Eighty percent are expected to participate for one year and the remaining 20 percent for two years. This would result in about 2,000 people receiving benefits in each year from 1992 through 1994. The estimate is based on information from the VA, the Council of Allied Health Education Programs, and CBO baseline assumptions. CBO assumes each person would go to school nine months a year. The

benefit is indexed to civil service pay increases and is estimated to be about $420 a month in 1991 and rise to about $475 a month by 1994. It is assumed that full appropriation of authorizations would occur and that funding would be available at the beginning of the fiscal year starting in 1991. Estimated outlays are based on spending in similar programs.

If funds are appropriated for this program and reservists participate, there could be an increase in the outlays from the Reserve GI Bill program. Use of GI Bill benefits is positively correlated to the size of the benefit. As the net benefit for reservists participating in this program increases, reservists would use more of their Reserve GI Bill benefits. The expected total increase in Reserve GI Bill program spending would be about $1 million a year.

6. Estimated cost to State and local government: The Congressional Budget Office has determined that the budgets of state and local governments would not be directly affected by enactment of this bill.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Richard Curley (226–2820).

10. Estimate approved by:

C.G. NUCKOLS,
(FOR) JAMES L. BLUM,
Assistant Director for Budget Analysis.

INFLATIONARY IMPACT STATEMENT

The reported bill will have no inflationary impact on fiscal year 1990.

DEPARTMENT VIEWS

The following letter was received from the Department of Veterans Affairs on H.R. 3199 as introduced.

DEPARTMENT OF VETERANS AFFAIRS,
OFFICE OF THE SECRETARY OF VETERANS AFFAIRS,
Washington, D.C., Oct. 24, 1989.

Hon. G.V. Montgomery, *Chairman,*
Committee on Veterans' Affairs,
U.S. House of Representatives,
Washington, D.C. 20515

DEAR MR. CHAIRMAN: This will respond to your request for VA comments on H.R. 3199, 101st Congress, 1st Session, a bill "[t]o amend title 38, United States Code, to establish a program to provide post-secondary educational assistance under the Reserve GI Bill program in return for agreement for subsequent service with the Department of Veterans Affairs."

VA recognizes the value of recruiting and retaining qualified health-care workers, and needs cost-effective methods of doing so. Currently, chapter 76 of title 38 authorizes educational assistance in the form of a Scholarship Program for students enrolled in courses leading to a degree in certain health professions and a Tuition Reimbursement Program for enrollees in nursing degree pro-

grams. The VA views both the Scholarship and Tuition Reimbursement Programs as useful recruitment and retention tools.

The VA favors H.R. 3199 as another useful tool that would enable us to meet our statutory mission of providing health care to eligible veterans by attracting qualified individuals trained in health professions involving direct patient care or care incident to direct patient care. The bill would complement the programs currently existing under the Educational Assistance Program, expanding the scope of the VA's recruitment field and allowing it tc draw from an additional pool of applicants consisting of those individuals now eligible for assistance under the Montgomery GI Bill Selected Reserve Program, currently administered by the Department of Defense (chapter 106 of title 10, United States Code). VA would, in at least some cases where the more expensive scholarship program benefits are available, be able under the bill to meet the same staffing needs on a less costly basis. The $400 monthly stipend under the bill amounts to less than half the cost to sustain the typical scholarship recipient in school.

Specifically, H.R. 3199 would give the Secretary of Veterans Affairs the discretion to provide educational assistance to participants selected from among Reservists eligible for benefits under the Montgomery GI Bill Selected Reserve Program. The VA-provided assistance would be in the amount of $400 per month to the selected participants during their enrollment in a program of education or training leading to completion of a degree in a health profession involving direct patient care or care incident to direct patient care as determined by the VA. This assistance would be in addition to, and coordinated with, payment of the educational assistance allowance which the participant may receive under chapter 106.

The Reserve Member Stipend Program would be of the same importance as the other VA Educational Assistance Programs. But the Reserve Program would be distinctive for its potential to improve the VA staffing situation at less than half the cost per participant of another Educational Assistance Program, the Health Professional Scholarship Program.

Under H.R. 3199, recipients must agree to serve in the full-time clinical practice of their profession as VA employees for a one-year period of obligated service for each year of benefits received. Though participants in the Reserve Member Stipend Program would have a commitment to serve the VA, they must still meet the qualifications for employment with the VA, including licensure requirements applicable to their profession.

The VA favors enactment of the bill, in view of its cost-effectiveness, discretionary nature, and potential attractiveness as an effective recruitment tool. Because it would be a discretionary program, the VA could enroll as many or as few participants studying whatever health fields would be deemed necessary to boost recruitment in the VA.

H.R. 3199 would create a pool of mature, disciplined individuals, committed to at least six years of Reserve service, from which VA could draw to meet its staffing needs. Moreover, by augmenting the benefits available under chapter 106 and expanding the educational opportunities available under the chapter, the bill would create a strong incentive for eligible individuals to enter both the Re-

serves and the Reserve Member Stipend Program, and to maintain satisfactory performance in both.

The bill is problematic with respect to whether the new benefits may be paid even after a recipient has ceased participating in the reserve program. Because the bill expressly requires that a recipient be entitled to Chapter 106 benefits only in connection with approving his or her application for the new benefits (Section 4352 of title 38) it appears possible that benefits under the bill could be paid even after a recipient may have voluntarily resigned from the reserves. Inserting the words "and contingent upon" between "coordinate with" and "payment" on line 18 of page three of the bill would clarify that benefits could only be paid if Chapter 106 benefits were being paid.

In the event of a participant's failure to complete a program of study, or to fulfill an employment obligation, the remedies imposed in title 38, United States Code, sections 4317 and 4334 would apply. Where an individual breaches the agreement by voluntarily terminating study, failing the course, or failing to obtain licensure, then the "triple payback" provisions of section 4317 that are applicable for other Educational Assistance Program participants would be applicable. The VA views the payback provisions as adequate insurance against participants half-heartedly entering the Program. These features demonstrate how the bill is flexible enough to help meet the VA's recruitment and retention needs without exploitation.

The VA recognizes that during a period of Reserve commitment, Program participants who remain Reservists would be subject to mobilization. We concede that the requirements of the Department of Defense would precede those of the VA in the event of mobilization. The authority already existing in section 4334 of title 38, United States Code, under the VA's Educational Assistance Program would allow waiving or suspending any remaining service obligation in the event that individuals under the new Program are precluded from completing their periods of obligated service for reasons beyond their control, including a military mobilization. The VA recognizes the potential implications of this provision with respect to Reservists of the Armed Forces. However, the VA views such a possibility as worthy of the perceived minimal risk.

Based on the assumption that under the bill VA would choose half the Selected Reserve participants from persons who would otherwise be participants in the VA scholarship program, which costs about $20,000 per year (more than twice as much a the Selected Reserve Program would), the net cost impact of the bill would be neutral.

The Office of Management and Budget advises that there is no objection from the standpoint of the Administration's program to the submission of this report on H.R. 3199 to the Congress.

Sincerely,

EDWARD J. DERWINSKI,
Secretary.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

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PART V—BOARDS AND DEPARTMENTS

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CHAPTER 76—HEALTH PROFESSIONALS EDUCATIONAL ASSISTANCE PROGRAM

SUBCHAPTER I—GENERAL

Sec.
4301. Establishment of program; purpose.

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SUBCHAPTER V—STIPEND PROGRAM FOR MEMBERS OF THE SELECTED RESERVE

4351. Authority for program.
4352. Eligibility: individuals entitled to benefits under the GI Bill program for members of the Selected Reserve.
4353. Amount of assistance.
4354. Obligated service.
4355. Breach of agreement; liability.

SUBCHAPTER I—GENERAL

§ 4301. Establishment of program; purpose

(a) There is hereby established a program to be known as the Veterans' Administration Health Professionals Educational Assistance Program (hereinafter in this chapter referred to as the "Educational Assistance Program"). The program consists of—

(1) the scholarship program provided for in subchapter II of this chapter, [and]

(2) the tuition reimbursement program provided for in subchapter II of this chapter[.] ; *and*

(3) the Selected Reserve member stipened program provided for under subchapter V of this chapter.

* * * * * * *

§ 4302. Eligibility

(a)(1) To be eligible to participate in the Educational Assistance Program *under subchapter I or II of this chapter,* an individual must be accepted for enrollment or be currently enrolled as a student at a qualifying educational institution in a course of education or training that is approved by the Administrator and that leads toward completion of a degree in a field of education or training for

which a scholarship may be awarded under subchapter II of this chapter or for which tuition reimbursement may be provided under subchapter III of this chapter.

(2) A qualifying educational institution for purposes of this section is an educational institution that is in a State and that (as determined by the Administrator) is an accredited institution.

(b) An individual is not eligible to apply to participate in the Educational Assistance Program *under subchapter I or II of this chapter* if the individual is obligated under any other Federal program to perform service after completion of the course of education or training of such individual referred to in subsection (a) of this section.

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§ 4304. Terms of agreement

An agreement between the Administrator and a participant in the Educational Assistance Program shall be in writing, shall be signed by the participant, and shall include the following provisions:

(1) The Administrator's agreement—

(A) to provide the participant with educational assistance as authorized in [subchapter II or III] *subchapters II, III, or V* of this chapter and specified in the agreement; and

(B) to afford the participant the opportunity for employment in the Department of Medicine and Surgery (subject to the availability of appropriated funds for such purpose and other qualifications established in accordance with section 4105 of this title).

(2) The participant's agreement—

(A) to accept such educational assistance;

(B) to maintain enrollment and attendance in the course of training until completed;

(C) while enrolled in such course, to maintain an acceptable level of academic standing (as determined by the educational institution offering such course of training under regulations prescribed by the Administrator); and

(D) after completion of the course of training, to serve as a full-time employee in the Department of Medicine and Surgery as specified in the agreement in accordance with [subchapter II or III] *subchapters II, III, or V* of this chapter.

(3) A provision that any financial obligation of the United States arising out of an agreement entered into under this chapter, and any obligation of the participant which is conditioned on such agreement, is contingent upon funds being appropriated for educational assistance under this chapter.

(4) A statement of the damages to which the United States is entitled under this chapter for the participant's breach of the agreement.

(5) Such other terms as are required to be included in the agreement under [subchapter II or III] *subchapter II, III, or*

V of this chapter or as the Administrator may require consistent with the provisions of this chapter.

SUBCHAPTER IV—ADMINISTRATIVE MATTERS

§ 4331. Periodic adjustments in amount of assistance

(a)(1) Whenever there is a general Federal pay increase, the Administrator shall increase the maximum monthly stipend [amount and] *amount,* the maximum tuition reimbursement *amount, and the maximum Selected Reserve member stipend* amount. Any such increase shall take effect with respect to any school year that ends in the fiscal year in which the pay increase takes effect.

(2) The amount of any increase under paragraph (1) of this subsection is the previous maximum amount under that paragraph multiplied by the overall percentage of the adjustment in the rates of pay under the General Schedule made under the general Federal pay increase. Such amount shall be rounded to the next lower multiple of $1.

(b) For purposes of this section:

(1) The term "maximum monthly stipend amount" means the maximum monthly stipend that may be paid to a participant in the Scholarship Program specified in section 4313(b) of this title and as previously adjusted (if at all) in accordance with this subsection.

(2) The term "maximum tuition reimbursement amount" means the maximum amount of tuition reimbursement provided to a participant in the Tuition Reimbursement Program specified in section 4322(e) of this title and as previously adjusted (if at all) in accordance with this subsection.

(3) The term "maximum Selected Reserve member stipend amount" means the maximum amount of assistance provided to a person receiving assistance under subchapter V of this chapter, as specified in section 4353 of this title and as previously adjusted (if at all) in accordance with this subsection.

[(3)] *(4)* The term "general Federal pay increase" means an adjustment (if an increase) in the rates of pay under the General Schedule under subchapter III of chapter 51 of title 5.

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SUBCHAPTER V—STIPEND PROGRAM FOR MEMBERS OF THE SELECTED RESERVE

§ 4351. Authority for program

(a) As part of the Educational Assistance Program, the Secretary of Veterans Affairs may select qualified individuals to receive assistance under this subchapter.

(b) To be eligible to receive assistance under this subchapter, an individual must be accepted for enrollment or be enrolled as a full-time student at a qualifying educational institution in a course of education or training that is approved by the Secretary and that leads toward completion of a degree in a health profession involving direct patient care or care incident to direct patient care.

§ 4352. Eligibility: individuals entitled to benefits under the GI Bill program for members of the Selected Reserve

The Secretary of Veterans Affairs may not approve an application under section 4303 of this title of an individual applying to receive assistance under this subchapter unless—

(1) the individual is entitled to benefits under chapter 106 of title 10; and

(2) the score of the individual on the Armed Forces Qualification Test was above the 50th percentile.

§ 4353. Amount of assistance

The Secretary may pay to a person selected to receive assistance under this subchapter the amount of $400 (adjusted in accordance with section 4331 of this title) for each month of the person's enrollment in a program of education or training covered by the agreement of the person entered into under section 4303 of this title. Payment of such benefits for any period shall be coordinated with any payment of benefits for the same period under chapter 106 of title 10.

§ 4354. Obligated service

A person receiving assistance under this subchapter shall provide service in the full-time clinical practice of the person's profession as a full-time employee of the Department for the period of obligated service provided in the agreement of such person entered into under section 4303 of this title.

§ 4355. Breach of agreement; liability

(a) A person receiving assistance under this subchapter who fails to maintain employment as an employee of the Department permanently assigned to a health-care facility shall be liable to the United States in an amount determined in accordance with section 4317 of this title.

(b) Any amount owed the United States under subsection (a) of this section shall be paid to the United States during the one-year period beginning on the date of the breach of the agreement.

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